



NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

Department of State Treasurer **2016 Legislative Agenda**

Budget Request

- **Recurring Operating Costs:** (Appears in the Governor's Budget) Renovation of the Albemarle building resulted in the Department moving to new offices. The \$5 million moving costs were paid for entirely through the use of Departmental operating dollars with no funding from the General Assembly. The move to a new facility means that the Department now incurs costs for water, utilities, janitorial services and security that it did not have before. These were not part of prior DST budget expenses. The Department seeks authority to make use of receipts to pay for these additional costs. There is no impact to the general fund.
\$753,000 (\$548,000 recurring and \$169 non-recurring)
- **Retirement Systems Divisions:** ABLE funding. (Appears in the Governor's Budget) The department was not granted the full amount needed to get the ABLE program up and running. We are seeking the remaining funds promised to the department for this purpose.
\$225,000 non-recurring (general fund)
- **Core Banking System Maintenance:** In 2014 the General Assembly approved funds for an upgrade of the State's core banking system. This important upgrade is part of the Department's strategic plan to modernize operations. This is an Oracle system that is utilized by agencies both public and private throughout the state. The Department requests authority to make use of receipts to fund incremental maintenance costs and ongoing expenses related to the upgrade. There is no impact to the general fund.
\$450,000 recurring
- **State and Local Government Finance Division Intervention Team:** The General Assembly authorized the first two of several positions that will staff a team which will work to prevent financial crises in local government units before they happen. These funds are to hire the additional members of this team and offer them competitive salaries to help ensure their retention.
TBD
- **Unclaimed Property Division Enhancements:** Increased outreach and audit efforts by this division have resulted in large increases in work load. There has been a marked increase in the amount of unclaimed property reported by businesses over the last 10 years. In addition, during the years 2001-2006 an average of 960,000 shares of securities escheated and this number has now grown to an average of 25 million annually. The additional work load has not been matched by increases in staffing. This has led to added risk to timely tangible property processing and to compliance issues. Staffing for securities has been determined to be insufficient to provide timely reconciliation, re-registration and sale of the securities in the division's possession. Funds are to hire two additional staff to address these needs. Funding comes from the escheats pool and does not impact the general fund.
\$102,000 recurring



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- Retirement Systems Division: The ORBIT system which is used to manage State Employee Retirement Systems is 10 years old. The system stands in need of both maintenance and significant upgrades allowing for a fully electronic retirement application and servicing process. These upgrades will produce a significant return on investment as it will obviate the need for significant hiring to address the bulge in retirements expected as the baby boom generations matures. The General Assembly gave authority to hire two positions to meet this need during the 2015 session. The Department seeks three additional positions needed to plan, develop and oversee the implementation of these and future ORBIT enhancements. Funding is from receipts and does not affect the General Fund.
\$341,067 recurring
- Retirement Systems Division Operating Costs: The Retirement Division has had no increase in its operating budget since 1999. Since that time the complexity and costs of operations have increased greatly. The hourly rate for actuarial services alone has increased 12% in the last 6 years. The department asks for authorization to spend an additional \$750,000 to cover increased costs. The source of these funds will be receipts and will not impact the General Fund.
\$750,000 recurring